

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2025088487601**

TO: Department of Enforcement  
Financial Industry Regulatory Authority (FINRA)

RE: Harvey Alan Brode (Respondent)  
General Securities Representative  
CRD No. 31169

Pursuant to FINRA Rule 9216, Respondent Harvey Alan Brode submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent, alleging violations based on the same factual findings described in this AWC.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

**BACKGROUND**

Brode first became registered with FINRA in 1969 as a FINRA Registered Representative through an association with a FINRA member firm. Brode was registered as a General Securities Representative through an association with Securities America, Inc. (CRD No. 10205) from June 2014 to June 14, 2024, when, through a mass transfer, he became registered in the same capacity through an association with another FINRA member firm. Since July 31, 2026, Brode has been registered in the same capacity through an association with another FINRA member firm.<sup>1</sup>

**OVERVIEW**

From June 30, 2020, to May 10, 2024, when recommending that his retail customers sell Class A mutual funds and then purchase new Class A mutual funds that imposed a new front-end sales charge, Brode failed to consider whether his customers could have achieved their objectives by exchanging into a new mutual fund within the same fund family, which would not have required the customers to pay a new front-end sales charge. As a result, Brode willfully violated the Care Obligation of Rule 15l-1 of the Securities Exchange Act of 1934 (Reg BI) and violated FINRA Rule 2010. Brode is suspended for two months from associating with any FINRA member in all capacities and fined \$5,000.

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<sup>1</sup> For more information about the respondent, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

## **FACTS AND VIOLATIVE CONDUCT**

This matter originated from a FINRA examination of Securities America.

As of June 30, 2020, broker-dealers and their associated persons are required to comply with Regulation BI under the Securities Exchange Act of 1934. Rule 15l-1(a)(1) of Reg BI requires a broker, dealer, or a natural person associated with a broker or dealer, when making a recommendation of any securities transaction or investment strategy involving securities (including account recommendations) to a retail customer, to act in the best interest of that retail customer at the time the recommendation is made, without placing the financial or other interest of the broker, dealer, or associated person ahead of the interest of the retail customer.

Reg BI's Care Obligation, set forth at Exchange Act Rule 15l-1(a)(2)(ii), requires broker-dealers and their associated persons to exercise reasonable diligence, care, and skill to, among other things, understand the potential risks, rewards, and costs associated with a recommendation and have a reasonable basis to believe that the recommendation could be in the best interest of at least *some* retail investors.

A violation of Reg BI also is a violation of FINRA Rule 2010, which requires associated persons to "observe high standards of commercial honor and just and equitable principles of trade" in the conduct of their business.

Class A mutual funds typically collect a front-end sales charge from customers. Most of the front-end sales charge is paid by the mutual fund company to the broker-dealer, which typically passes on a portion of the charge to the representative as a commission. The front-end sales charge is usually waived by the mutual fund company when a customer exchanges a mutual fund for a new fund within the same fund family. In this situation, the mutual fund company typically does not pay the broker-dealer any selling compensation. Because mutual fund companies often offer a diverse array of funds, customers who want to purchase new Class A mutual funds with, for example, different investment objectives, levels of risk, historical performance, or anticipated returns can frequently do so through cost-free exchanges.

By contrast, mutual fund switching occurs when a customer sells mutual fund shares and reinvests the proceeds in another mutual fund offered by a different mutual fund company, which typically results in an additional sales charge and commission for the selling representative.

Between June 30, 2020, and May 10, 2024, Brode did not consider costs when recommending Class A mutual fund switches to his retail customers, some of whom were senior investors with limited incomes. During this period, Brode recommended that 63 of his customers switch mutual fund positions on 108 occasions with a total principal value of \$5.9 million. As a result, Brode's customers paid approximately \$170,000 in front-end sales charges. When making these recommendations, Brode failed to consider whether his customers could have achieved the objectives of the switches through exchanges instead, thereby avoiding new front-end sales charges.

Therefore, Brode willfully violated Exchange Act Rule 15l-1(a)(1) and violated FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a two-month suspension from associating with any FINRA member in all capacities and
- a \$5,000 fine.<sup>2</sup>

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. FINRA's Finance Department will contact Respondent regarding payment. Respondent has submitted an Election of Payment form showing the method by which he proposes to pay the fine imposed. Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

Respondent understands that if he is barred or suspended from associating with any FINRA member, he becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, he may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension. *See* FINRA Rules 8310 and 8311.

Respondent understands that this settlement includes a finding that he willfully violated Rule 15l-1(a)(1) of the Securities Exchange Act of 1934 and that under Article III, Section 4 of FINRA's By-Laws, this makes him subject to a statutory disqualification with respect to association with a member.

The sanctions imposed in this AWC shall be effective on a date set by FINRA. The suspension shall become effective three weeks after the date of the notice of acceptance of this AWC.

## II.

### **WAIVER OF PROCEDURAL RIGHTS**

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against him;

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<sup>2</sup> Securities America has repaid its customers the front-end sales charges that resulted from Brode's switch recommendations pursuant to an AWC.

- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

### III.

#### **OTHER MATTERS**

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
  - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
  - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
  - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313;

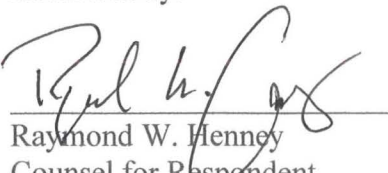
4. this AWC may be taken into consideration by employers and other regulatory or licensing entities or authorities in their hiring, retention, licensing, or other decisions. This AWC may also have other adverse collateral consequences outside of FINRA's control; and
  5. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that he may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

Respondent certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; Respondent has agreed to the AWC's provisions voluntarily; and no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce him to submit this AWC.

9/21/26  
\_\_\_\_\_  
Date

  
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Harvey Alan Brode  
Respondent

Reviewed by:

  
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Raymond W. Henney  
Counsel for Respondent  
Honigman LLP  
39400 Woodward Avenue, Suite 101  
Bloomfield Hills, MI 48304-5151

Accepted by FINRA:

September 29, 2026

Date

Signed on behalf of the  
Director of ODA, by delegated authority



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